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DEGEM BHD & ANOR

v.

DE GEM GOLDSMITH & JEWELLERY SDN BHD & ORS

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HIGH COURT MALAYA, KUALA LUMPUR
HANIPAH FARIKULLAH JC
[CIVIL SUIT NO: D(IP) 22-32-2009]
15 AUGUST 2012

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TRADE MARKS: *Passing off - Similarity in trade names - Whether earlier user of name only acquired goodwill in geographically restricted area - Whether subsequent user acquired nationwide goodwill and distinctiveness associated with name - Whether earlier user intentionally and fraudulently changed manner of usage of name to misrepresent itself as being associated with subsequent user - Whether ingredients of passing off proven*

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The plaintiffs, the second plaintiff being the subsidiary of the first, sued the defendants for passing off their business as that of the plaintiffs'. The first plaintiff, *inter alia*, sought to permanently injunct the defendants from using the term 'DeGem' or any term confusingly similar to it as a corporate name, trade name or trade mark anywhere in Malaysia, or alternatively, anywhere outside the State of Johor. The second plaintiff, *inter alia*, sought to permanently injunct the defendants from using the term "Diamond & Platinum" or any term confusingly similar to it as a corporate name, trade name or trade mark. In their counterclaim against the first plaintiff, the first and second defendants claimed to be the first users of the term DE GEM/De GEM/De Gem and of two Chinese characters pronounced as "Li" and "Jing" in Mandarin and that the first plaintiff by using DeGem as its corporate or trade name had passed off its products and business as those of the first and second defendants. It was not disputed that the first defendant had used "DE GEM" in its name when it was incorporated long before the first plaintiff came into being or had used the term whether directly or through its subsidiaries. However, the first plaintiff's complaint was that, subsequently, after the first plaintiff had become a successful multi-million dollar public-listed company and had honestly acquired extensive nationwide goodwill to the name and mark "DeGem", the defendants made intentional and fraudulent changes to the manner in which they used the term "DE GEM" in their trading and advertisements such as to misrepresent to the public at large that their business and products were associated with the first

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plaintiff's. It was argued that the defendants sought to expand their business by intentionally and dishonestly riding on the first plaintiff's nationwide goodwill post 2005/2006. The evidence showed that the defendants' advertisements and promotional activities were confined to Johor.

Held (allowing plaintiff's claims with costs and dismissing defendants' counterclaim with costs):

(1) The evidence showed that in 2001 the first plaintiff existed as "DeGem" and the first defendant as "De Gem Goldsmith and Jewellery". The defendants adopted just "DE GEM" on their signboards after 2005/2006 after the first plaintiff had acquired extensive nationwide goodwill in respect of the name and mark "DeGem". There was no evidence to indicate the defendants had used just "DE GEM" or "De Gem" or "De GEM" in respect of their business pre 2005/2006. However, post 2005/2006 the defendants fraudulently adopted changes to the manner they used those terms and the manner in which they traded or advertised so as to associate themselves, their outlets and their products with the first plaintiff. (paras 89 & 129).

(2) The adoption of the DeGem trade name and trade mark by the first plaintiff was honest. There was no reason for the first plaintiff, a public-listed company with a multi-million dollar business, to intentionally associate itself with a local company in Johor Baru. (para 47)

(3) With regard to the defendants' contention that they decided in 2003 to give prominence to De GEM by reason of the first defendant's application in November 2002 to register that mark, the irresistible conclusion that could be drawn was that this decision was taken after the first plaintiff was listed on the second board in 2001 and the defendants knew about the listing. The decision to emphasise De GEM must be seen in the light of this knowledge and the contents of the ROC letter which stated the names in full of both parties. (paras 111 & 112).

(4) As the first plaintiff had acquired goodwill nationwide in connection with the term "DeGem" whilst the defendants' goodwill, if any, was clearly only within Johor Baru or if at all the State of Johor, the injunction sought by the first plaintiff restraining the defendants from expanding beyond the state of Johor was allowed. (para 146)

(5) "Diamond & Platinum" had acquired a secondary meaning and was distinctive of the second plaintiff and its products based on evidence of extensive use, sales and promotions by the second plaintiff using that name as its corporate and trade name and trade mark. The second plaintiff also owned that mark. Hence, the fourth defendant's use of "Diamond & Platinum" (in addition to the word DE GEM) as part of its corporate name was a clear misrepresentation to the trade and the public that it was connected to the plaintiffs. (paras 149, 150 & 151)

(6) The use by the first plaintiff of DeGem as its corporate name and trade name and trade mark could not and did not amount to a misrepresentation that it was associated with the first and second defendants. The first plaintiff had acquired nationwide goodwill to DeGem and the term was distinctive of it. Any association with the first plaintiff could only benefit the first and second defendants and not cause damage. As such, the first and second defendants could not succeed in their cause of action for passing off against the first plaintiff. (paras 161, 162, 167 & 168)

Case(s) referred to:

A Levey v. Henderson – Kenton (Holdings) Limited & Another [1974] RPC 617 ***(dist)***

AG Spalding & Bros v. AW Gamage Ltd [1915] 84 LJ Ch 449 ***(refd)***

Annabel's (Berkeley Square) Ltd v. G Schock (trading as Annabel's Escort Agency) [1972] RPC 838 ***(foll)***

Besalon International Limited & Ors v. South Strong Industries Sdn Bhd [1997] 1 CLJ Supp 335 HC ***(refd)***

Chocosuisse Union Des Fabricants Suisses De Chocolat v. Cadbury Ltd [1999] RPC 826 ***(refd)***

Chocosuisse Union Des Fabricants Suisses De Chocolat & Ors v. Maestro Swiss Chocolate Sdn Bhd & Ors [2010] 5 CLJ 794 HC ***(refd)***

County Sound Plc v. Ocean Sound Limited [1991] FSR 367 ***(refd)***

De Cordova and Ors v. Vick Chemical Co [1951] RPC 103 ***(refd)***

Erven Warnink BV & Ors v. J Townend & Sons (Hull) Ltd & Ors [1979] 2 All ER 927 ***(refd)***

Fletcher Challenge Ltd v. Fletcher Challenge Pty Ltd & Ors [1982] FSR 1 ***(refd)***

Habib Bank Ltd v. Habib Bank Zurich [1982] RPC 1 ***(refd)***

Harrod's Limited v. R Harrod Limited [1924] RPC 74 ***(refd)***

HP Bulmer Ltd & Showerings Ltd v. J Bollinger SA & Champagne Lanson Pere et Fils [1976] RPC 79 CA ***(refd)***

Lifestyle 1.99 Pte Ltd v. S$1.99 Pte Ltd [2000] 2 SLR 766 ***(refd)***

Maxis Sdn Bhd v. Suruhanjaya Syarikat Malaysia & Ors [2004] 4 CLJ 774 HC ***(refd)***

Oze Marketing Sdn Bhd v. Twenty First Century Products Sdn Bhd [1999] 4 CLJ 823 HC ***(refd)***
Pakai Industries Bhd v. Chen Yew Industries Sdn Bhd [1991] 2 CLJ 1574; [1991] 3 CLJ (Rep) 383 HC ***(refd)***
PP v. Ramli Shafie [2002] 8 CLJ 846 HC ***(dist)***
Reckitt & Colman Products Ltd v. Borden [1990] 1 All ER 873 ***(refd)***
Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 3 CLJ 7 SC ***(refd)***
Shiraz Hotel & Restaurant Sdn Bhd v. Shiraz Restoran [1989] 1 CLJ 527; [1989] 2 CLJ (Rep) 472 HC ***(refd)***
Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors [2004] 3 CLJ 815 ***(refd)***
Star Industrial Co Ltd v. Yap Kwee Kor T/A New Star Industrial Co [1976] 1 LNS 145 PC ***(refd)***
Syarikat Zamani Hj Tamin Sdn Bhd & Anor v. Yong Sze Fun & Anor [2006] 5 MLJ 262 ***(refd)***
The Scotch Whisky Association v. Ewein Winery (M) Sdn Bhd [1994] 3 CLJ 509 HC ***(refd)***
Yomeishu Seizo Co Ltd v. Sinma Medical Products (M) Sdn Bhd [1996] 2 BLJ 142 HC ***(refd)***
Yong Sze Fun & Anor v. Syarikat Zamani Hj Tamin Sdn Bhd & Anor [2011] 1 LNS 1307 ***(foll)***

Legislation referred to:
Evidence Act 1950, s. 73

Other source(s) referred to:
Christopher Wadlow, *The Law of Passing-Off*, 4th edn, para 9-103
Graham Roberts, *Proof and Practice*, p 545

For the plaintiffs - Ambiga Sreenevasan (Janini Rajeswaran with her); M/s Sreenevasan
For the defendants - Yeo Yang Poh (CY Chok with him); M/s Yeo, Tan, Hoon & Tee

Reported by Ashok Kumar

JUDGMENT

Hanipah Farikullah JC:

[1] In this action, the plaintiffs sued the defendants for passing-off. The defendants had also counterclaimed against the plaintiffs for passing-off.

[2] The plaintiffs contended in this action that the defendants were passing-off their business as that of the plaintiffs' by representing that their business were associates with the plaintiffs'.

[3] The subject matter of the disputes between the parties centered on the words "DeGem" and "Diamond & Platinum" used by the parties in relation to corporate name, trade name and trademark.

[4] Reliefs were sought essentially to restrain the defendants from using the words "DeGem" and also "Diamond & Platinum".

[5] The 1st plaintiff namely DeGem Berhad seeks *inter alia* the following reliefs:

(i) a permanent injunction to restrain the defendants from trading or carrying on business under and by reference to the corporate name, trade name and trade mark "DeGem" and/or any other corporate name, trade name and trade mark comprising or confusingly similar to "DeGem" including "DE GEM" and/or "De GEM" (Nationwide Injunction); or alternatively

(ii) A permanent injunction to restrain the defendants from trading or carrying on business under and by reference to the corporate name, trade name and trade mark "DeGem" and/or any other corporate name, trade name and trade mark comprising or confusingly similar to "DeGem" including "DE GEM" and/or "De GEM" beyond the State of Johor Darul Takzim (Geographically Limited Injunction).

[6] The 2nd plaintiff namely Diamond & Platinum Sdn Bhd seeks *inter alia* a permanent injunction to restrain the defendants from trading or carrying on business under and by reference to the corporate name, trade name or trade mark "Diamond & Platinum" and/or any other corporate name, trade name or trade mark comprising or confusingly similar to "Diamond & Platinum" including "DE GEM Diamond & Platinum Sdn Bhd".

[7] The defendants rebutted the plaintiffs' claim and filed a counter claim for the following reliefs:

(i) the 1st and 2nd defendants alleged that they are the first users of DE GEM/De GEM/De Gem and the two Chinese characters (whether written traditionally or in simplified Chinese characters) which translate to "Li" and "Jing" respectively in Mandarin.

(ii) By virtue of the use by the 1st plaintiff of the corporate name and trade name DeGem and/or the two Chinese characters, the 1st plaintiff has passed off its products and/or business as and for the products and business of the 1st and the 2nd defendants.

[8] It is not disputed between the parties that the 1st defendant was incorporated with a name including the words DE GEM before the incorporation and use by the 1st plaintiff whether directly or through the subsidiaries of the DeGem Corporate Name, DeGem Trade Name and De Gem Trade Mark.

[9] However the 1st plaintiff alleged that at some later date, after it honestly acquired extensive nationwide goodwill to the name and mark "DeGem", the 1st defendant and its associate companies (the other defendants) made intentional and fraudulent changes to the manner in which they used the name and mark DE GEM and in the manner which they trade and advertise in order to misrepresent themselves as the more successful public listed 1st plaintiff.

[10] Thus, the plaintiffs contended that such acts by the defendants have resulted in extensive confusion where the trade and public have confused the defendants, their retail outlets and products as and for the plaintiffs' business or associated therewith.

Background Facts

[11] Based on the evidence and written submissions submitted by the parties the background facts can be summarised as follows:

No.	Date	Fact
1.	1981	PW1 and his brother commenced a retail jewellery business under and by reference to the trade name "Poh Yik".
2.	1982	The said brothers incorporated another company to operate a second chain of retail jewellery businesses under and by reference to the name "Thye Loong Goldsmith and Jewellers".
3.	1983/1984	Both businesses merged and were operated under and by reference to the name "Poh Yik Thye".

4.	8 April 1985	DE GEM GOLDSMITH & JEWELLERY SDN BHD (1st defendant) was incorporated. The evidence illustrates that in 1985 the 1st defendant traded under and by reference to the full corporate name De Gem Goldsmith & Jewellery Sdn Bhd. The 1st defendant's outlet was located at Holiday Plaza. The 1st defendant was a traditional goldsmith dealing primarily with yellow gold. The 1st defendant is described in the CCM records as "goldsmith".
5.	1993/1995	The jewellery retail outlets operated under and by reference to "Poh Yik Thye" commenced trading under the trade name PYT.
6.	1996	It was decided that the PYT business would be further expanded and listed on the stock exchange. For this purpose a company would be acquired to consolidate all the businesses and to be listed. It was also decided that the retail jewellery business would move toward a change in concept from primarily traditional goldsmiths to jewelers dealing in high end fine jewellery aimed at the luxury market.
7.	3 January 1997	Delta Riviera Sdn Bhd (1st plaintiff) was incorporated.

8.	Early 1997	Delta Riviera Sdn Bhd was acquired for the purpose of consolidating the well know retail jewellerry businesses known under and by reference to the name PYT and listing the same on the stock exchange.
9.	27 February 1997	Delta Riviera Sdn Bhd changed its name to DEGEM SDN BHD and the above described retail jewellery businesses were consolidated under the 1st plaintiff.
10.	7 March 1997	DEGEM SDN BHD became DEGEM BERHAD Since 1997 the DeGem Corporate Name has been used in relation to the statutory and corporate activities of the 1st plaintiff.
11.	3 July 1997	DE GEM GOLDSMITH & JEWELLERY (JOHOR) SDN BHD (2nd Defendant) was incorporated. The 2nd defendant's outlet was located at Plaza Angsana. The 2nd defendant was a traditional goldsmith dealing primarily with yellow gold. The 2nd defendant's business is described in CCM records as "goldsmith and jewellery".
12.	3 September 1999	Diamond & Platinum Sdn Bhd (2nd plaintiff), a subsidiary of the 1st plaintiff was incorporated.
13.	November 1999	2nd plaintiff commenced operation of its retail jewellery outlets under and by reference to the name and mark "Diamond & Platinum".

14.	6 September 2001	1st defendant complained to SSM *via a vis* 1st plaintiff's corporate name.
15.	25 September 2001	SSM rejected the complaint
16.	10 October 2001	The 1st plaintiff, DEGEM Berhad was listed on the second Board.
17.	2001	1st plaintiff decided to operate through its subsidiaries retail outlets dealing with high end fine jewellery targeted at the luxury market.
18.	2002	1st plaintiff started implementing the above described concept and decided to adopt just DeGem as the trade name (DeGem Trade Name) for the said retail jewellery outlets bearing this concept in order to streamline its corporate image.
19.	15 November 2002	1st defendant filed an application to register DE GEM
20.	Sometime in 2002/2003	1st plaintiff discovered the existence of a retail jewellery outlet in Johor Baru using a name which included the words "DE GEM" The 1st plaintiff did not know of the existence of the 1st defendant.
21.	5 February 2003	DE GEM JEWELS SDN BHD (3rd defendant) was incorporated. The 3rd defendant's retail outlet was located at Kompleks Lien Hoe. The 3rd defendant's business was described in CCM records as "goldsmith". The 3rd defendant used a full company name all in capital letters on its signboard.

22.	11 June 2003	DEGEM Berhad (1st plaintiff) was transferred to first Board.
23.	3 July 2003	1st plaintiff issued letter of demand to the 2nd defendant regarding their use of the corporate name De Gem Goldsmith & Jewellery (Johor) Sdn Bhd.
24.	13 August 2003	2nd defendant's solicitors replied refusing to cease use of the 2nd defendants corporate name. The 1st plaintiff discovered the existence of the 1st defendant through the contents of this letter. 1st plaintiff took no further action as: (a) 1st plaintiff had been extensively using the DeGem Corporate Name for a number of years as its public listed company name in respect of the businesses of its subsidiaries including in nationwide advertisement; (b) 1st plaintiff was already in the preparation stage of launching its new concept stores bearing the DeGem Trade Name; (c) The defendants: (i) Used their full company names as their trading names on their signboards and in particular did not use just 'DE GEM'; (ii) Used Chinese characters on their signboards where both the full English and Chinese names were equally emphasised;

		(iii) Were traditional goldsmiths; (iv) Dealt primarily with yellow gold; (v) Had a totally different retail image as compared to the 1st plaintiff's retail concept as described above; (vi) Were small localised businesses confined to Johor Baru;
25.	15 October 2003	1st plaintiff filed application in Class 14 and 35 to register DeGem.
26.	End 2003	1st plaintiff through its subsidiaries launched the first two jewellery retail outlets bearing the trade name of just "DeGem".
27.		Parties thereafter co-existed
28.	2004	1st plaintiff through its subsidiary commenced operation of a retail jewellery outlet in Bangsar Baru under and by reference to the DeGem Trade Name.
29.	26 May 2005	DE GEM DIAMOND & PLATINUM SDN BHD (4th defendant) was incorporated.
30.	Sometime in second half of 2005	The 4th defendant commenced operation of a retail outlet in City Square Johor Baru bearing the trade name of "DE GEM" diagonally opposite the 2nd plaintiff's "Diamond and Platinum" retail outlet. No Chinese characters appeared on the signboard.

		The full company name incorporating both the words "DE GEM" and "DIAMOND & PLATINUM" appeared in smaller print on the signboard. This outlet did not adopt the image of a traditional goldsmith but adopted a modern upmarket image dealing more with white gold and diamonds.
31.	27 October 2005	Soh Lip Meng (DW3) a director of the defendants applied to register DE GEM in Class 20. Soh Lip Meng also applied to register DE GEM in Class 16.
32.	11 November 2005	Soh Lip Meng (DW3) a director of the defendants applied to register DE GEM in Class 35.
33.	2006	1st plaintiff through its subsidiary commenced operation of a retail jewellery outlet in Ampang under and by reference to the DeGem Trade Name
34.	2007	1st plaintiff through its subsidiary commenced operation of a retail jewellery outlet in Gardens under and by reference to the DeGem Trade Name 2nd plaintiff filed a complaint with CCM regarding the 4th defendant's corporate name.
35.	September 2007	Commenced operation of a retail outlet in Pavillion Shopping Centre under and by reference to the DeGem Trade Name
36.	8 October 2007	CCM dismissed the 2nd plaintiff's complaint

37.	End 2007	1st plaintiff discovered an advertisement in the Bonuslink newsletter advertising the defendants retail jewellery outlets in Johor Baru. This was the first nationwide advertisement by the defendants that the plaintiffs were aware of. From the advertisement it appeared that the outlet pictured therein was using just the trade name "De GEM" and the outlets were described as "De GEM" outlets. It was discovered by the 1st plaintiff at this stage that besides the outlet at City Square, other outlets of the defendants also adopted just "De GEM" and dropped any Chinese characters from their signboards. The outlets also adopted a more upmarket concept as opposed to that of traditional goldsmith, a more global identity emphasising English and dealt less with traditional yellow gold and more with white gold and gemstone (except for the 2nd defendant's outlet in Plaza Angsana).
38.	16 January 2008	1st defendant applied to register De GEM in Class 13, 8, 25, 35, 43
39.	28 February 2008	The 1st plaintiff through its solicitors issued a cease and desist letter. Attempts to negotiate a settlement however were not successful.
40.	29 April 2008	2nd plaintiff's trade mark "Diamond Platinum" was registered in Class 14 & 35
41.	24 May 2008	Another Bonuslink advertisement by the defendants appeared in *The Star* bearing the word "De GEM".

42.	August 2008	Advertisement by the defendants in *Bridal Trend* which was distributed nationwide bearing the word "De GEM". The font used was very similar to the 1st plaintiff's "DeGem".
43.	Mid 2009	Advertisement by the defendants in *My Wedding* which was also distributed nationwide bearing the word "DeGem". The font used was identical to the 1st plaintiff's "DeGem".
44.	2009	Another advertisement by the defendants in *My Wedding* which was also distributed nationwide bearing the word "De GEM" and also "DeGem" (identical to the 1st plaintiff's DeGem)
45.	2009	The plaintiffs conducted checks and verified the following: The 1st defendant operated the outlet in Holiday Plaza. This outlet dealt with jewellery and gemstones. The 2nd defendant operated the outlet in Plaza Angsana and Sutera Mall outlet dealt more with white gold and the Plaza Angsana outlet dealt more with yellow gold.
46.	August 2009	The plaintiffs commenced this suit.
47.	Early 2010	A customer attempted to exchange a product purchased from the 4th defendant at the 2nd plaintiff's retail outlet. The 4th defendant's receipt bore the full company name of the 4th defendant including the words "Diamond & Platinum".

48.	Mid 2010	The 1st plaintiff received a fax from FedEx regarding a package. The fax was intended for the 4th defendant. The fax bore the full name of the 4th defendant and the words 'Degem Sdn Bhd'.
49.	2010	The 1st plaintiff's internal auditor saw a signboard bearing the name "De GEM" on the Tebrau Highway and was confused.
50.	2010	The 1st plaintiff's diamond supplier was told about the De GEM outlets in Johor Baru and assumed they were the 1st plaintiff's branches.
51.	March 2011	The 1st plaintiff's Marketing Manager received a tear sheet of an advertisement placed by the defendants with reference to an invoice issued to the 1st plaintiff's subsidiary. The advertisement agency had mistaken the defendant's advertisement as being that of the 1st plaintiff. The advertisement emphasised the words "De GEM".
52.	2011	Bonuslink advertisements relating to the defendants on billboards in Kuala Lumpur bear the word "De GEM".
53.	2011	Defendant's Facebook page uses De GEM as one word ie, "DeGEM".
54.	2011	The defendant's website uses "DeGem Sdn Bhd" and on the top of the page the words "DeGem" appears as a single word in a font identical to the 1st plaintiff's.
55.	Oct 2011	It was discovered that the 1st defendant now operates a second outlet at KSL Mall in Johor Baru also bearing 'De GEM'.

		The outlet at Kompleks Lien Hoe had closed and the 3rd defendant now operates a retail outlet at City Square Johor Baru bearing 'De GEM'. This outlet still deals with primarily white gold and gemstone. The 4th defendant's outlet at City Square Johor Baru has closed and the 4th defendant now operates an outlet at Aeon Bukit Indah, Johor Baru bearing the trade name "Stolen Heart". The outlet also bears the phrase "Stolen Heart a Story of Love by "De GEM".

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The Law

[12] I now turn to the question of passing off.

[13] Referring to Lord Parker's decision in *AG Spalding & Bros v. AW Gamage Ltd* [1915] 84 LJ Ch 449 the Supreme Court in the case of *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 3 CLJ 7; [1994] 2 MLJ 770, held that:

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> The principle of law regarding passing off has been plainly stated by Lord Parker in *AG Spalding & Bros v. AW Gamage Ltd* [1915] 84 LJ Ch 449 'and that is, that nobody has any right to represent his goods as the goods of somebody else'. It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business is the business of another.

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[14] Further the court in *Seet Chuan Seng (supra)* held that it is essential for the plaintiff in a passing-off action to show the following facts:

> The House of Lords in the *Advocaat* case identified these as the main differences between classical passing off and the action in its extended form: (a) parties who do not have an exclusive right to use a particular trade name, but who are only some members of a class consisting of all those who have the right to use the name, are entitled to protect the name by a passing off action; and (b) unlike classical passing off, the misrepresentation in an extended passing off is not that the defendant's product is the product of the plaintiffs. The misrepresentation is as such that the defendant's

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A product is of the kind that enjoy the reputation and goodwill attached to the trade name in which the plaintiffs, jointly and severally, have a property right.

[15] The difficulties in a passing-off action, as always, arise in applying this well known principles to the facts of the individual case (see *Habib Bank Ltd v. Habib Bank Zurich* [1982] RPC 1).

[16] It is trite law that the first element which needs to be established in a passing-off action is goodwill.

[17] A useful passage with regards to the meaning of goodwill, Lord Lindley in the case of *AG Spalding (supra)* said at p. 235 as follows:

> Goodwill regarded as property has no meaning except in connection with some trade, business or calling. In that connection, I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers and agreed absence from competition, or any of these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value, and in my opinion, exist where the business is carried on. Such business may be carried on in one place or country or in several, and if in several there may be several businesses, each having a goodwill of its own.

[18] In this present case, the defendants contended that the 1st plaintiff is not the proper party to bring this action as it does not own the goodwill in the trade name "DeGem" by reason of the following:

(a) the 1st plaintiff is merely a holding investment company;

(b) the jewellery business under and by reference to the trade name "DeGem" is carried on by its three subsidiaries;

(c) any goodwill is owned by the three subsidiaries and not the 1st plaintiff.

[19] In support of its arguments, learned counsel for the defendant referred to a number of authorities. (See *Star Industrial Co Ltd v. Yap Kwee Kor T/A New Star Industrial Co* [1976] 1 LNS 145; [1976] 1 MLJ 149, 155, *Erven Warnink BV & Ors v. J Townend & Sons (Hull) Ltd & Ors* [1979] 2 All ER 927, *Reckitt & Colman Products Ltd v. Borden* [1990] 1 All ER 873).

[20] In relation to this point, the defendant asserted that any goodwill in the name of "DeGem" is owned by the said three subsidiaries of the 1st plaintiff and not the 1st plaintiff itself as a subsidiary is a separate legal entity which is distinct from its holding company.

[21] Thus, firstly the issue that arose for consideration is whether the 1st plaintiff or its subsidiaries owns the goodwill/ reputation in relation to the word "DeGem".

[22] In this regard, reference can be made to the following passages:

(i) *The Law of Passing Off* by Christopher Wadlow states as follows:

> what is questionable are conclusions such as those sometimes previously reached that the rights of the subsidiary automatically prevail over those of the parents or conversely that the goodwill generated by the trading activities of the subsidiary automatically belong to the parent …
>
> … one must look at all the relevant facts …

(ii) In *Kerly's Law of Trade Marks and Trade Names* it is stated as follows:

> ultimately who owns the goodwill is a question of fact to be determined in all circumstances. Normally the issue is decided by the answer to this question: of whom is the indicia whether it be a name, mark or get up) distinctive?

[23] Guided by the above authorities, the question of who owns the goodwill which is attached to the jewellery business operated under and by reference to the DeGem Trade Name is a question of fact.

[24] The 1st plaintiff's case is that it carries on the business as manufacturers and retailers of high end jewellery, fine jewellery, gem accessories and jewellery related services catering for the luxury market whether directly or through its authorised subsidiaries or licensees and further operates whether directly or through its authorised subsidiaries or licensees a chain of retail jewellery shops in Malaysia, Singapore and Indonesia under and by reference to the trade name DeGem.

[25] In this regard, PW1 explained that:

> Subsequent to the listing of the 1st Plaintiff in 2001 and as envisioned by the 1st Plaintiff as explained earlier, the 1st Plaintiff decided to operate through its subsidiaries retail outlets which essentially dealt with high end, fine jewellery targeted at the luxury market comprising the high income groups and the brand conscious middle income groups …
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> … Sometime in 2002, we started implementing this concept …
>
> … We decided sometime in 2002 to adopt "DeGem" as the trade name for the retail jewellery outlets which would adhere to this concept and as the trade mark for the products to be sold at these outlets …
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> … The DeGem Retail Outlets which were opened in 2003 at Berjaya Times Square and One Utama were operated by the 1st Plaintiff through its subsidiary DeGem Diamond Collection Sdn Bhd. The outlet at Berjaya Times Square closed in March 2007 and a DeGem Retail Outlet opened in Pavillion Shopping Centre in September 2007.
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> The DeGem Retail Outlet at Bangsar Baru commenced operation in 2004 and is operated by the 1st Plaintiff through its subsidiary Degem Masterpiece Sdn Bhd (formerly P.Y.T Jewellers Sdn Bhd).
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> The DeGem Retail Outlet at the Gardens commenced operation in 2007 and is operated by the 1st Plaintiff through its subsidiary DeGem Diamond Collection Sdn Bhd whilst the DeGem Retail Outlet in Ampang which commenced operation in 2006 is operated by another subsidiary PYT Jewellers Ampang Sdn Bhd.
>
> The 1st Plaintiff currently operates through its subsidiaries 5 DeGem Retail Outlets in Malaysia. The 1st Plaintiff also operates 2 DeGem Retail Outlets in Singapore and 1 DeGem Retail Outlet in Jakarta (through a licensee) all of which bear the DeGem Trade Name and offer for sale the DeGem Products under and by reference to the DeGem Trade Mark …
>
> … Over 80% of the DeGem Products are designed and manufactured in house within our Group by our subsidiaries. The 1st Plaintiff has 7 designers and 63 craftsmen with a maximum capacity of 3,000 units per month …
>
> … The designing and manufacture of such high end, fine jewellery and gem accessories is carried out by the 1st Plaintiff through its various subsidiaries including Inticraft Sdn Bhd in Malaysia who have acquired the skill, craftsmen and machinery to do so …

> Thus, the 1st Plaintiff through its authorized subsidiaries or licensees are essentially designers, manufacturers and retailers of high end jewellery, fine jewellery, gem accessories and jewellery related services which high end jewellery, fine jewellery, gem accessories and jewellery related services are offered under and by reference to the DeGem Trade Name and the DeGem Trade Mark.

[26] In relation to this, the Annual Reports of the 1st plaintiff (pp. 1296 to 2039 bundles B4 to B6) shows that:

(a) the reports include the performance of the whole group which includes the three subsidiaries;

(b) The Board of the 1st plaintiff is responsible for the corporate governance and the overall performance of the group (see eg, pp. 1950 B6-2009 Annual Report);

[27] Further, the evidence of PW3, PW4, PW5, PW6, PW7, PW8, PW9, PW11 and PW19 witnesses from the public and trade identified and associated the retail jewellery business with the public listed company, the 1st plaintiff.

[28] In the light of the above evidence, it seems to me that the 1st plaintiff operates its jewellery business under and by reference to the DeGem Trade Name through its subsidiaries and that by reason of the manner in which the advertisements and business is conducted, the DeGem Retail Name is in fact distinctive of the 1st plaintiff and it is the 1st plaintiff and not its subsidiaries who own the goodwill in the jewellery business as identified by the DeGem Trade Name.

[29] In my opinion, the business where the trademark "DeGem" were used were that of the 1st plaintiff. It is the 1st plaintiff who owns the goodwill and reputation attached to the business with reference to the "De Gem" trademark.

[30] In fact, the defendants also never adduced any evidence that the DeGem Trade Name is in fact distinctive of the three subsidiaries and not the 1st plaintiff.

[31] In my judgment, learned counsel for the defendant was not correct when he submitted that because the activities are carried on through subsidiaries, the 1st plaintiff cannot own the goodwill. There are a number of authorities on this point.

[32] In the Australian case of *Fletcher Challenge Ltd v. Fletcher Challenge Pty Ltd & Ors* [1982] FSR 1, the Supreme Court of New South Wales held that:

> despite the lack of evidence to show either that the Plaintiff had ever traded in its own name in the United Kingdom or that such of its goods as were, in fact, sold by agents in the United Kingdom were, in fact, identified with the plaintiff-and, one adds, despite the fact that the defendant company had been formed for no other purpose than to block the registration of the Plaintiff in the United Kingdom-His Lordship thought it appropriate to invoke the law of "passing off.

[33] In *Besalon International Limited & Ors v. South Strong Industries Sdn Bhd* [1997] 1 CLJ Supp 335; [1997] 2 AMR 1333 the court held as follows:

> Notwithstanding that the law provides that a holding company and its subsidiary are different legal entities, the holding company is entitled to enforce the collective and shared goodwill of the group. The liquor cases, that is, all those entitled for the time being to use champagne, sherry, whisky or advocaat for their [roducts are clear authority for the principle that goodwill can be shared and that a trading house that does little more than act as the central agent for a number of proprietors can properly represent those proprietors by seeking the enforce shared or joint goodwill. With regard to the defendant's reliance on the Peoples Insurance case what that case decided was that the parent (holding) and subsidiary companies are two separate legal entities. That I accept as trite law. But what the plaintiffs in the instant case are contending is that the third plaintiff, albeit a holding company, is seeking the declaration not just as a holding company, but in its own right, first as a manufacturer of the tiles under licence from Hunter Douglas and subsequently as the owner of the shared goodwill in the tile trade of the Multi Resources Group of Companies. This I hold they are entitled to do.

[34] The cases of *Chocosuisse Union Des Fabricants Suisses De Chocolat v. Cadbury Ltd* [1999] RPC 826 and *Chocosuisse Union Des Fabricants Suisses De Chocolat & Ors v. Maestro Swiss Chocolate Sdn Bhd & Ors* [2010] 5 CLJ 794; [2010] 3 MLJ 676, 695 cited by learned counsel for the defendants are different from the present case as the facts therein involved a trade association who clearly did not conduct business. On the facts of the present case, the 1st plaintiff does conduct a business through its subsidiaries in the jewellery business, which business is identified with the 1st plaintiff and in respect of which the 1st plaintiff owns goodwill.

Whether The 1st Plaintiff Has Goodwill Throughout The Country

[35] Next, the issue that has to be considered is whether the 1st plaintiff or the defendants enjoy nationwide goodwill in respect of the word "DeGem".

[36] It is trite law that the obvious ways to show goodwill are to prove extensive sales, promotional and advertising activities all over the country.

[37] Learned counsel for the defendants submitted that as the said three subsidiaries of the 1st plaintiff would have presumably built up some goodwill in the trade name "DeGem" in Kuala Lumpur and Selangor, and the defendants have likewise built up their goodwill in the trade name "DeGem" in Johor Bahru (long before the said three subsidiaries of the 1st plaintiff), the legal position is that neither party is entitled to stop the other party from trading in the location which the other party had always traded. To support his contention, learned counsel referred to the following authorities.

[38] The learned author Christopher Wadlow, *The Law of Passing-Off*, 4th edn, para. 9-103 states as follows: "It quite frequently happens that two or more businesses may use the same name, mark or get-up in different geographical areas without difficulties arising, but may come into conflict when one or both of them expands. The basic rule is that each may use that name, etc. in its home territory, but that established rights of use in one area do not provide a defence should one business expand into an area where the name denotes the other. There is little authority in what happens when two parties simultaneously expand into an area where the name is distinctive of neither of them".

[39] In the case of *Shiraz Hotel & Restaurant Sdn Bhd v Shiraz Restoran* [1989] 1 CLJ 527; [1989] 2 CLJ (Rep) 472, the plaintiff who operated "Shiraz Restaurant" in Kuala Lumpur and Petaling Jaya failed to maintain their interim injunction against the defendant who operated "*Shiraz Restoran*" in Ipoh. In that case, the court ruled at p. 528 that,

> The "*Shiraz Restaurant*" is a very popular restaurant in Kuala Lumpur and Petaling Jaya and the plaintiffs have spent a large sum of money advertising the business. However, the plaintiffs have not shown whether or not the name is similarly wellknown in Ipoh. Furthermore, the plaintiffs have not shown that the defendants are offering the same kind of food that the plaintiffs

A are serving. Merely using the name "Shiraz" is not passing off. The fundamental principle of law involved in such an action is that nobody has any right to represent his goods as the goods of somebody else. *Asian Organisation Ltd. v. White Hudson & Co.* [1982] MLJ 139 at 140-141.

B **[40]** The 1st plaintiff has adduced evidence that since 2003 whether directly or through its subsidiaries it has extensively sold and offered for sale at its retail outlets and widely promoted and advertised nationwide it's DeGem Products under and by reference to the DeGem Trade Name and the DeGem Trade
C Mark. The total annual revenue in respect of the retail outlets bearing the DeGem Trade Name and offering for sale products bearing the DeGem Trade Mark in Malaysia are as follows:

Year	Annual Revenue of the DeGem Group of Companies (RM)
2001	83,047,888
2002	102,275,709
2003	114,006,788
2004	135,338,251
2005	108,198,000
2006	143,935,561
2007	157,935,000
2008	209,213,688

[41] From the evidence adduced, it is clear that the DeGem Corporate Name has been used extensively since 2001 (ie, the listing of the 1st plaintiff) in national newspapers in respect not just of the listing and transfer of the 1st plaintiff but also
H promotional and advertising material published in national newspapers distributed nationwide and cash bills issued to the public in relation to the businesses of its subsidiaries.

[42] Further, the evidence adduced by the 1st plaintiff shows
I that the 2nd plaintiff has conducted at least 10 road shows in various places in Malaysia including the Klang Valley, Penang, Ipoh, Johor Bahru, Kota Kinabalu, Kuching and Miri. In relation to this, the advertisements and promotional material in respect of the same all bear the phrase "a member of DeGem group" or

"a member of DeGem Berhad" (see pp. 2074-2078, 2088-2093, 2096-2099, 2120-2124, 2134-2138, 2144-2145, 2149, 2153-2156 bundle B7).

[43] Thus, by reason of the 2nd plaintiff's road shows, in my view, the 1st plaintiff's DeGem Corporate Name has been used extensively all over the country.

[44] In light of the evidence adduced, it is clear that by virtue of the success of the 1st plaintiff and its group, by 2003, the 1st plaintiff was already known nationwide and the DeGem Corporate Name was already distinctive of the 1st plaintiff before 2003.

Honest Use Of The DeGem Trade Name And Trade Mark By The Plaintiff

[45] PW2 in his evidence-in-chief explained the adoption of DeGem as the trade name and trade mark for a new concept of retail jewellery outlets which essentially deals with high end, fine jewelry targeted at the luxury market. This concept was first thought of in 1996. In 2001, after the listing, the 1st plaintiff decided to proceed with this. In 2002 the 1st plaintiff started implementing this concept.

[46] In this regard, PW2 said that it was in 2002 that a decision was made to adopt DeGem (which was the corporate name of the 1st plaintiff) as the trade name for the outlets which were to bear the above concept and as the trade mark for the products to be sold therein.

[47] It is clear from the above that the adoption of the DeGem Trade Name and DeGem Trade Mark was honest. In this regard, I agree with the plaintiff's counsel that there was no reason for the 1st plaintiff, a public listed company with an extremely successful multi-million dollar business to intentionally associate itself with a local company in Johor Baru.

[48] The first two outlets bearing the DeGem Trade Name and utilising this concept and offering for sale products under and by reference to the DeGem Trade Mark were launched in late 2003 in Berjaya Times Square (see pp. 5750-5795 bundle B18) and One Utama shopping malls (see pp. 5796-5850 bundle B18).

[49] Whilst the tenancy agreement for One Utama mentions the fact that the name of the outlet was to be "DeGem", the Tenancy Agreement for Berjaya Times Square did not mention that the trade name for this outlet was to be DeGem. This has been explained by PW1 in cross-examination.

[50] However it is pertinent to note that when launched in 2003, both outlets bore the DeGem Trade Name and offered and sold its products under and by reference to the DeGem Trade Mark.

[51] In this regard the plaintiffs tendered:

(i) an advertisement published in *The Star* on 8 December 2003 in relation to the opening of the two retail outlets under and by reference to the DeGem Trade Name which appears at p. 420 bundle B2;

(ii) cash bills showing sales at the DeGem Retail Outlet in Berjaya Times Square in late 2003 which appear at pp. 1160 to 1187 bundle B4;

(iii) the 1st plaintiff's Annual Report 2003 which appears at pp. 1427 to 1497 bundle B5 in particular p. 1495 bundle B5 which lists the two DeGem Retail Outlets;

[52] The above clearly establishes that the two outlets launched in 2003 operated under and by reference to the DeGem Trade Name.

[53] The DeGem Retail Outlets in Berjaya Times Square and One Utama were operated by the 1st plaintiff through its subsidiary DeGem Diamond Collection Sdn Bhd.

[54] This is clear from the cash bills issued at Berjaya Times Square which appear at pp. 1160-1187, 1210-1212, 1219-1224, 1244 bundle B4 and the cash bills issued at One Utama which appear at pp. 1196-1209, 1213-1218, 1225-1227, 1243, 1247, 1277, 1281, 1294 to 1295 bundle B4.

[55] Thereafter further outlets were launched under and by reference to the DeGem Trade Name and offering for sale products bearing the DeGem Trade Mark.

[56] These may be summarised as follows:

1.	2004	The DeGem Retail Outlet in Bangsar Baru commenced operations. This outlet is operated by the 1st plaintiff through its subsidiary DeGem Masterpiece Sdn Bhd (formerly PYT Jewellers Sdn Bhd)
2.	2006	The DeGem Retail Outlet in Ampang commenced operations. This outlet is operated by the 1st plaintiff its subsidiary PYT Jewellers Ampang Sdn Bhd.
3.	2007	The DeGem Retail Outlet in Gardens commenced operations. This outlet is operated by the 1st plaintiff its subsidiary DeGem Diamond Collection Sdn Bhd.
4.	2007	The Berjaya Times Square outlet closed and a DeGem Retail Outlet was opened at Pavilion Shopping Centre This outlet is operated by the 1st plaintiff its subsidiary DeGem Diamond Collection Sdn Bhd.

[57] Below are representations of signboards of the DeGem Retail Outlets in which its trade name is used:

[58] The evidence also shows that the majority of products sold at the DeGem Retail Outlets comprise gemstones and diamonds set in precious metal such as platinum, white gold and yellow gold. Diamonds comprise 60-70% of the products, and gemstones about 20-30%. About 5% comprise pure gold jewellery including yellow and white without stones.

[59] The 1st plaintiff currently operates five DeGem Retail Outlets in Malaysia through its subsidiaries.

[60] The 1st plaintiff has adduced evidence that since 2003 whether directly or through its subsidiaries it has extensively sold and offered for sale at its retail outlets and widely promoted and advertised nationwide its DeGem Products under and by reference to the DeGem Trade Name and the DeGem Trade Mark.

[61] The total annual revenue in respect of the retail outlets bearing the DeGem Trade Name and offering for sale products bearing the DeGem Trade Mark in Malaysia are as follows:

Year	Annual Revenue from DeGem Retail Outlets (RM)
2003	459,702
2004	43,454,481
2005	62,069,720
2006	93,359,306
2007	127,141,647
2008	160,633,978
2009	127,939,323

[62] Thus, through the extensive sales, advertisements and promotion, I am satisfied that the word "DeGem" is distinctive of the 1st plaintiff.

Goodwill Of The 2nd Plaintiff

[63] The 2nd plaintiff operated under and by reference to the trade name Diamond & Platinum and the products were to be offered for sale under and by reference to the trade mark "Diamond & Platinum".

[64] The choice of name for the 2nd plaintiff's outlets is explained by PW2 in his witness statement (P2) and is reproduced hereunder:

> As mentioned, we were going to focus on white jewellery primarily set with diamonds. White jewellery would comprise of platinum and white gold.
>
> We had the expertise and skill to manufacture platinum jewellery which may be set with diamonds. Further as platinum was much more prestigious than white gold, we decided to emphasise platinum over white gold. As such we chose "Diamond & Platinum" as the trade name under which to operate the chain of retail outlets with the above described concept (Diamond & Platinum Trade Name) and as the trade mark to be used in respect of the products sold at the retail outlets (Diamond & Platinum Trade Mark).
>
> For a streamlined corporate image we also adopted "Diamond & Platinum" as our corporate name (Diamond & Platinum Corporate Name).

[65] PW2 stated that since 1999, the 2nd plaintiff has expanded its operations and currently operates 13 Diamond & Platinum Retail Outlets in Malaysian and one in Brunei under and by reference to the Diamond & Platinum Trade Name and offering for sale products under and by reference to the Diamond & Platinum Trade Mark. The outlets are located all over Malaysia including Klang Valley, Penang, Johor, Perak and Sarawak.

[66] The products sold at the Diamond & Platinum Retail Outlets comprise primarily of jewellery in white set with diamonds.

[67] About 20% comprise platinum whilst the rest are made of white gold.

[68] The evidence shows that since 1999, the 2nd plaintiff has extensively sold, offered for sale at its retail outlets and widely promoted and advertised nationwide its products under and by reference to the Diamond & Platinum Corporate Name, Diamond & Platinum Trade Name and the Diamond & Platinum Trade Name.

[69] The annual revenue of the 2nd plaintiff bearing the Diamond & Platinum Corporate Name from its retail outlets bearing the Diamond & Platinum Trade Name and offering for sale products under and by reference to the Diamond & Platinum Trade Mark are as follows:

Year	Annual Revenue from Diamond & Platinum Retail Outlets (RM)
1999	1,532,661
2000	13,694,336
2001	18,151,463
2002	29,481,020
2003	34,982,601
2004	37,559,565
2005	32,333,222
2006	36,441,102
2007	40,829,712
2008	43,122,201
2009	46,370,190

[70] The 2nd plaintiff also referred to a selection of cash bills in respect of sales at the Diamond & Platinum Retail Outlets which support the above figures and illustrates the extent of sales at the said outlets. The cash bills bear the Diamond & Platinum Corporate Name and the Diamond & Platinum Trade Name, and also the phrase 'member of De Gem Group" (see pp. 5944-5951 bundle B19 and 2916-3153 bundles B9 and B10).

[71] The annual promotional and advertising expenses in respect of the Diamond & Platinum Retail Outlets bearing the Diamond & Platinum Trade Name are as follows:

Year	Annual Promotional & Advertising Expenses in respect of Diamond & Platinum Retail Outlets and Diamond & Platinum Products (RM)
1999	15,276
2000	138,965
2001	392,447
2002	1,376,970
2003	1,038,246
2004	1,318,227
2005	1,332,068
2006	1,487,921
2007	1,239,461
2008	1,117,838
2009	1,003,381

[72] The said advertisements also bear the phrase "a member of DeGem Berhad" or "a member of the DeGem Group" from October 2001 onwards.

[73] Based on the documentary evidence adduced during trial it is noted that the majority of the advertisements and articles are published in print media which is published and distributed nationwide.

[74] Road shows were also conducted over the period of 1999-2010 in the Klang Valley, Penang, Ipoh, Johor Baru, Kota Kinabalu, Kuching and Miri. The advertisements in the media advertising the said events and invoices relating thereto appear at pp. 2074-2078, 2083-2084, 2088-2093, 2096-2099, 2120-2124, 2134-2138, 2144-2145, 2149, 2153-2156 bundle B7.

[75] All the advertisements bear the Diamond & Platinum Corporate Name, the Diamond & Platinum Trade Name and the Diamond & Platinum Trade Mark as well as the phrase "a member of DeGem Group" or "a member of DeGem Berhad".

[76] Based on the above, there are evidence of extensive use, sales and promotion of the 2nd plaintiff's retail outlets nationwide since 1999 under and by reference to the Diamond & Platinum Corporate Name, the Diamond & Platinum Trade Name and the Diamond & Platinum Trade Mark.

[77] It is also clear from the above evidence that the 2nd plaintiff and its outlets are known to the trade and public as part of the DeGem Group and associated with the 1st plaintiff.

The Defendants' Goodwill

[78] I turn now to the defendants' goodwill.

[79] There is evidence that in 2003, the defendants retail outlets in Johor Bahru used the full company name as it trade name on its signboards. The photograph at p. 5161 bundle B16 shows the signboard of the 1st defendant bearing the full company name and Chinese character. In this regard DW2 admitted in cross examination that this was the signboard of the 1st defendant.

[80] In addition, the 1st defendant's receipts (at pp. 5057-5059 bundle B16) shows the use of a full company name and a full Chinese translation thereof. Some of the receipts also bear the DeGem logo.

[81] The company search results of the 1st defendant and the 2nd defendant at pp. 3440 of bundle B11 and 3448 bundle B11 describes the 1st defendant as "Goldsmiths" and the 2nd defendant as "goldsmith and jewellery".

[82] Thus, it can be concluded that the 1st defendant's retail outlets were traditional goldsmith. This is further supported by the evidence of PW14 who is from Johore and had been to the 1st defendant's outlet in 1989/1999. PW14 testified that the 1st defendant were traditional goldsmiths and dealt primarily with yellow gold.

[83] The evidence also shows that the defendants' outlets had a very different image from the image of the DeGem Retail/Outlets (1st plaintiff).

[84] Further it is clear from the evidence submitted by the parties that the defendants' businesses are situated within Johor Baru. (See pp. 3893, 3909 and 3924 bundle B12 which are the financial statements for the 1st defendant for 2001, 2002 and 2003 where their annual revenue seems to only be RM4 million).

[85] In comparison the 1st plaintiff's annual revenue for the years 2001 to 2003 was 83 million, 102 million and 114 million. (See pp. 4122, 4140 and 4156 bundle B13 which are the financial statements for the years 2001, 2002 and 2003 where their annual revenue appears to be approximately RM6 million).

[86] Reference should also be made also to the 1st defendant's letter to ROC (pp. 6122-6123 bundle 19) with regards to the use of De Gem Corporate name.

[87] It is relevant to note that the view of the ROC was that there would be no confusion as the corporate names of the 1st plaintiff and 1st defendant in full could be distinguished.

[88] Hence, the above evidence shows that as in 2001 the 1st plaintiff exists as "DeGem" and the 1st defendant exists as "DeGem Goldsmith and Jewellery".

[89] The evidence shows that the defendants on the other hand adopted just 'DE GEM' on their signboards after 2005/2006 (and after the 1st plaintiff had acquired extensive nationwide goodwill in respect of the name and mark 'DeGem' which fact is admitted by the defendants. There is no evidence to indicate that they used just 'DE GEM' or 'De Gem' or 'De GEM' in respect of their business pre 2005/2006 save for one letter where they were addressed by a 3rd party as 'De Gem". This one letter is inconsequential and hardly establishes that they traded and used just 'DE GEM' or 'De Gem' or 'De GEM' prior to 2005/2006.

[90] At this juncture, it is pertinent to note that the advertisements produced all show that it was only after 2007 that De GEM (the 1st defendant) was used on its own in the advertisements. Any use prior to 2005/2006 was small and local and was not of just De GEM. There can hardly be said to be substantial and extensive use nationwide.

[91] Based on the above, I may say that it emerged from the evidence that the DeGem Corporate Name, DeGem Trade Name and the DeGem Trade Mark appears to have become distinctive of the 1st plaintiff nationwide. In my view the "DeGem" trademark has been consistently and continuously used by the 1st plaintiff and it became an indicator of the goodwill in the business run by the plaintiffs and its subsidiaries. Thus, the "De Gem" trademark is clearly distinctive of the 1st plaintiff.

Descriptive Word

[92] The defendants contended that the word "DeGem" is a descriptive word which means "completely gem, or formed from or derived from gem. To support its contention that "De-" carries the meaning of "completely", the defendants referred to *The New Oxford Dictionary of English* (1998), and *Chambers 21st Century Dictionary* (1999). As for its contention that "De-" may also connote the meaning of "formation from" or "derived from", the defendants cited *The New Oxford Dictionary of English* (1998), *Chambers 21st Century Dictionary* (1999), *Encarta World English Dictionary* (1999), and *The American College Dictionary* (2007).

[93] Further, to support his contention, learned counsel for the defendants referred to a number of authorities.

[94] In *Oze Marketing Sdn Bhd v. Twenty First Century Products Sdn Bhd* [1999] 4 CLJ 823, the court held that the words "MEMO PLUS" "is a descriptive name that may also be regarded as a fancy name. It is a fancy descriptive name".

[95] In the case of *Lifestyle 1.99 Pte Ltd v. S$1.99 Pte Ltd* [2000] 2 SLR 766 the Court of Appeal of Singapore held that the business name "ONE. 99" (whereby the goods in the shop were all sold at S$1.99) were descriptive words. In accepting that words could be regarded descriptive even though there are no such words in the English language, the Court of Appeal stated at p. 776:

> A case which shows that the court would treat words as descriptive notwithstanding deliberate alterations made to them so that as spelt there are no such words in the English language is *Ancona Printing Ltd v. Kwik-Kopy Corp* ... In *Ancona Printing* the plaintiff for some 13 years carried on business of copying and duplicating documents under the style 'Kopy Kwik Printing' and

sought to restrain the defendants who were in the business of printing written material from using the name 'Kwik-Kopy Printing'. Both were operating in the same area in Kitchener, Ontario. Notwithstanding evidence of confusion, the High Court refused to continue the *ex parte* injunction. While 'Kopy Kwik' are not English words (presumably intended to be a fanciful expression of 'copy' and 'quick'), White J held that 'Kopy-Kwik Printing' was a descriptive expression.

[96] Likewise, in *County Sound Plc v. Ocean Sound Limited* [1991] FSR 367, 373, it was held that the words "The Gold AM" (name of a radio programme) were descriptive words, and Nourse LJ ruled that, "but the name "The Gold AM" is not distinctive", either in its separate component or as a whole. It is descriptive of the programme which the plaintiffs transmit and so the expression "The Gold AM" means simply "Golden Oldies on AM" and is thus descriptive of the programmes which the plaintiffs transmit."

[97] The plaintiff on the other hand contended that DeGem is clearly a coined word as explained by PW1 in his evidence and is hence not descriptive.

[98] On this issue, to my mind, the word "DeGem" has a descriptive element for it is a combination of two English words which were chosen for the purpose of suggesting to the public the nature of the goods sold.

[99] However, based on the evidence presented, in my judgment even though the word "DeGem" is descriptive, it has acquired a secondary meaning and has become distinctive of the 1st plaintiff by virtue of the extensive use of the DeGem Corporation Name, DeGem Trade Name and DeGem Trade Mark.

[100] Furthermore in the case of *De Cardova and Ors v. Vick Chemical Coy* [1951] RPC 103, the Privy Council held that a descriptive word such as 'Sheen' can be recognised in laws as distinctive if the evidence clearly shows that it is distinctive.

Misrepresentation

[101] In the case of *Pakai Industries Bhd v. Chen Yew Industries Sdn Bhd* [1991] 2 CLJ 1574; [1991] 3 CLJ (Rep) 383, Zakaria Yatim J said that central to the requirements of misrepresentation would be the issues pertaining to confusion and deception. Thus, the question next which needs to be answered would be whether a purchaser to the plaintiffs' "DeGem" products would confused the defendants' trademark as the plaintiffs'.

[102] In the case of *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v. Yong Sze Fun & Anor* [2006] 5 MLJ 262, it was held as follows:

> Misrepresentation in the passing off sense is a false representation on the part of the defendant which causes damage to the goodwill and reputation of the plaintiff through an unlawful association created between the defendant and the plaintiff. As set out by Lord Parker in *Spalding v. Gamage* at p. 450:
>
> > The basis of a passing off action being a false representation by the defendant, it must be proven in each case as a fact that the false representation has been made. It may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is where the representation is implied in the use or imitation of a trade mark, trade name or get-up with which the goods of another are associated in the minds of the public.
>
> In the case of *Reckitt & Colman Product Ltd v. Borden Inc & Ors* it was held by Lord Oliver in the House of Lords judgment at p. 880 of the report that misrepresentation relates to representation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that the goods and services offered by him are goods and services of the plaintiff.

[103] The plaintiffs' case, which is supported by the evidence before this court is that the defendants (primarily the 1st to 3rd defendants) used their company names as trade names or at best used trade names that did not comprise just De GEM prior to 2005/2006 and only in 2005/2006 (after the 1st plaintiff had acquired goodwill nationwide in the DeGem Corporate Name, DeGem Trade Name and DeGem Trade Mark) adopted just De GEM on their signboards (or what appeared as just De GEM") which was similar to the way the 1st plaintiff used De Gem, which acts were done intentionally and fraudulently and amount to a misrepresentation.

[104] It must be emphasised that the evidence adduced relating to receipts, accounts, tenancy agreements and licenses of the 1st defendant prior to 2005/2006 do not show the use of just De GEM but show the use of the full company name as contended by the 1st plaintiff.

[105] The only documentary evidence of a signboard prior to 2005/2006 is at p. 5161 bundle B16 and shows the use of the full company name (see top photo on p. 5161). This was confirmed by DW2 as being the 1st defendant's signboard.

[106] In fact in cross-examination, DW2 agreed that the only time the 1st defendant used the word "De Gem" without anything else on the signboard was in 2006 as shown at p. 5163 bundle 16. Further in cross-examination DW2 confirmed that after 2006 all the defendants changed their signboards with just "De Gem" and nothing else. The defendant through DW3 tendered two photographs of D1 (ID6A and ID6B), an outlet in Holiday Plaza which was allegedly taken in 1999 showing that the wordings of the signboard was "Kedai Emas De Gem" and four photographs (ID7A, ID7B, ID7C and ID7D) of D2's outlet in Plaza Angsana which was taken in 1997 showing that the two outlets'' signboard was "Kedai Emas De Gem".

[107] In this regard the plaintiff objected to the admissibility of ID6A, ID6B, ID7A-ID7D on the following grounds:

(i) The said photographs were never produced or disclosed during case management or even prior to the commencement of the trial. DW3 admitted that it had purportedly been found on the eve of the commencement of the trial ie, 10 October 2011 (see p. 24 NOP dated 24 November 2011);

(ii) Having only been forwarded about 1 week before the continuation of the trial on 24 November 2011 it was not possible for the plaintiffs to verify the same;

(iii) It was never put to the plaintiffs' witnesses and only produced after the plaintiffs had closed it case;

(iv) Dates on digital cameras can very easily be manipulated and photographs easily doctored with today's technology.

(v) The copies produced in court are in "pristine" condition despite purportedly having been kept at the outlets (in a drawer) for 12 and 14 years respectively.

[108] The defendant on the other hand argued that the modern approach in tendering a photograph as evidence is that it is no longer necessary for it to be tendered through the photographer, and it is also not necessary for the negatives to be produced.

Counsel also referred to the case of *PP v. Ramli Shafie* [2002] 8 CLJ 846; [2002] 6 MLJ 153. Augustine Paul J (as he then was) referred to a passage from *Evidence: Proof and Practice* by Graham Roberts at p. 545 as follows:

> A question that arises where photographs are to be tendered is whether it is necessary to call the photographer. Generally speaking, there is no need to call the photographer provided that a witness is available who can testify that what is shown on the photograph is a fair and accurate representation of the scene at the relevant time. Calling the photographer will generally only be necessary when no such witness is available or in special cases when technical details of the photographer's art are likely to be in question. In other words, what is required, in the usual case, of a witness through whom a photograph is to be tendered is first-hand knowledge of what is shown in the photograph rather than first-hand knowledge of the taking of the photograph (see JW McElhaney, *Trial Notebook* (2nd Ed, Litigation Section of the American Bar Association, 1987) pp 202-203).
>
> Similarly, *Documentary Evidence in Australia* by RA Brown (2nd Ed) says at p 41:
>
> > There are generally two methods for proving that things, including photographs, are those taken at the scene, either (1) by tracing custody of the film from the moment of taking until production in court, or (2) by identification of the ultimate print, through oral or other evidence, with the scene recorded (see *Russell v. Russell* (1875) 4 QSCR 103 (in banco); *Schmidt v. Schmidt* (1969) QWN 3 at 5 *Barron v. Valdmanis*, unreported, NSW Sup Ct Meares J, 2 May 1978).

[109] In my view, the present case can be distinguished from *PP v. Ramli bin Shafie*'s *(supra)* case. In that case there was no objection to the authenticity of the photographs tendered by the photographer. As I have stated earlier, since the plaintiffs in this case objected to the authenticity of the photograph, in the light of s. 73 of the Evidence Act 1950 the original must be tendered, namely the negative or the maker of the photograph must be called to prove it. Thus the photographs are not admissible evidence.

[110] Even if ID6A, 6B and ID7A to 7D are admitted in evidence, it still does not establish that the defendants used just De GEM or in a manner where it appeared as just De GEM prior to 2005/2006 when the 4th defendant adopted the same. Other words, Chinese characters and a logo were also used.

The 2003 Decision Of The Defendants

[111] As regards the contention that the defendants decided in 2003 to give prominence to De GEM by reason of its trade mark application on 15 November 2002, the irresistible conclusion that can be drawn is that this decision was taken after the 1st plaintiff was listed in 2001 and the defendants knew about the 1st plaintiff (in September 2001) when it was listed on the 2nd board.

[112] The decision to emphasise De GEM must be seen in the light of this knowledge and the contents of the ROC letter which states the names in full of both parties distinguishes the two parties.

The Chinese Characters

[113] The defendants contended that they have not dropped their Chinese characters. In this regard I agreed with learned counsel for the 1st plaintiff's submission that the evidence clearly shows otherwise.

[114] The receipts at pp. 6288 to 6291 bundle B20 are blank receipts, undated and unissued. They ought to be given no weight as they were clearly not receipts used and issued to the public.

[115] The receipts at pp. 5139 to 5141 bundle B16 show a gradual trend where the Chinese characters are over time given less prominence. The latest receipts at pp. 5141 B16 dated in 2010 does not bear any Chinese characters at all.

[116] The receipt procured by the plaintiff from the 1st defendant's outlet at KSL Mall (exh. P20) does not use the Chinese characters at all.

[117] The defendants attempted to suggest that that receipt (P20) is issued to customers to acknowledge payment but the receipts issued by the outlet to acknowledge receipt of goods from customers for alteration or making new jewellery do bear Chinese characters.

[118] The fact remains that the defendants admit that in respect of receipts issued to customers to acknowledge payment the chinese characters are not used. They have been dropped. As can be seen from the receipts of the 1st defendant at pp. 5057 to 5069 B16 dated between 1985 to 1995, the 1st defendant did use the Chinese characters previously.

[119] Apparently the Chinese characters are still used at Plaza Angsana. However the sign at p. 6293 B20 is clearly not on the outside but inside. This does not detract from the fact that the chinese characters are currently not being used on all the external signboards of all the outlets as can be seen at pp. 3472 to 3484 bundle B11, pp. 5162 to 5166 bundle B16 and pp. 5870 to 5889 bundle B19 (save 5879 to 5882).

The Defendants' Facebook/Website

[120] The defendants also contended that the use of the word "DeGem" in a font identical to the 1st plaintiff's on their website and the use of DeGEM together on their Facebook was a result of mistakes by the third parties and not on the defendants instructions.

[121] In this regard DW1, the web designer, contends that as regards the word DeGem on the top of the website this was done by him and the programmer apparently to make it easier to "google".

[122] However the programmer of the website who inserted the word DeGem Sdn Bhd never gave evidence. DW1 contended that it was because he was "afraid" to come to court. It is obvious that the defendants could have subpoenaed him. One can only infer that they did not do so as his evidence was detrimental to the defendants' case.

[123] Secondly it is clear that the said programmer himself was confused. This is admitted by DW1, the web consultant and reproduced hereunder:

AS: Did Encik Khairul explain why did he put the words DeGem Sdn. Bhd. when the cursor is pointed at the lady?

DW1: Because he believed that this company and the company in KL are the same company.

CY: Did Encik Khairul tell you that?

DW1: Yes, he believed that they are the same.

CY: No. My question is – Did Encik Khairul tell you that Encik Khairul believed that the KL company is the same as JB?

DW1: Yes.

CY: But the name of the KL company is DeGem Berhad, not DeGem Sdn. Bhd. Did he explain to you why he put DeGem Sdn. Bhd.?

DW1: Yes, he did explain because he don't know that the company in KL is only Berhad.

[124] On the evidence as set out above, on the balance of probabilities, it is safe to conclude that the defendants used just De GEM or used it in a manner where it appeared just as "De GEM" on signboards and made the other changes referred to above after knowing about the 1st plaintiff and after the 1st plaintiff had built extensive goodwill in their name and mark with the clear and fraudulent intent of associating themselves with the successful 1st plaintiff.

[125] Referring to the case of *Annabel*'s *(Berkeley Square) Ltd v. G Schock (trading as Annabel's Escort Agency)* [1972] RPC 838, the Court of Appeal in *Yong Sze Fun & Anor v. Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2011] 1 LNS 1307; [2012] 1 MLJ 585 held that:

> In ascertaining whether misrepresentation is present, the court must always be mindful of the requirement that a likelihood of association could arise out of the express or colourable activities of the defendants when compared to that of the plaintiffs. And there is, according to *Annabel's (Berkeley Square) Ltd v. G Schock (trading as Annabel's Escort Agency) (supra)*, no necessity to prove actual association.
>
> The facts in *Annabel*'s are as follows. The plaintiffs there were the proprietors of the well known Annabel's club in London. The defendants subsequent to the date of operation of the plaintiffs' Annabel's club set up an escort agency under the name of "Annabel's Escort Agency". The plaintiffs applied and the High Court granted an interlocutory injunction in favour of the plaintiffs. Aggrieved, the defendants appealed to the Court of Appeal. Russell LJ gave judgment in favour of the plaintiffs who owned the nightclub.

[126] *Annabel*'s case laid down the following principles of law:

(a) A likelihood of confusion as opposed to actual confusion would be sufficient; and

(b) Passing-off could be sustained if there was a possibility of association giving rise to actual or possibility of confusion and deception.

[127] Thus, in the light of the above authorities, the plaintiffs need not prove actual confusion. In the words of the Court of Appeal in *Yong Sze Fun (supra)*, mere proof of possibility of association would be sufficient.

[128] In this present case, since the words "DeGem" trademarks of the plaintiffs and the defendants are identical and applied to the former products, hence the possibility of association would have been present in 2005/2006 when the defendant started using "DeGem".

[129] In my judgment, pre 2005/2006 the defendants fraudulently adopted changes with the manner they use De GEM/DE GEM and with the manner in which they trade and advertise in order to associate themselves, their outlets and products with the 1st plaintiff.

[130] I accept learned counsel for the plaintiff's contention that this is a case of the defendants intentionally and dishonestly riding on the 1st plaintiff's nationwide goodwill post 2005/2006. This is a case where the defendants expand their business to take advantage of the plaintiff's goodwill.

[131] In *Maxis Sdn Bhd v. Suruhanjaya Syarikat Malaysia & Ors* [2004] 4 CLJ 774; [2004] 2 MLJ 84, Maxis Sdn Bhd was incorporated first in 1992 whilst the Maxis Group of Companies changed their name to Maxis in 1995. Although the Maxis Group of Companies were not the 1st users of "Maxis" in Malaysia, James Foong J (as he then was) held that:

> when such act of the defendant is carried out with the intention to defraud, as there are some evidence of this from the action of the defendants as described above, then the courts should be more vigilant and will move to prevent it. The authority for this can be found in *Harrods Ltd v. R Harrod Ltd* [1942] RPC 74.

[132] The court in the case of *Pakai Industries Bhd v. Chen Yew Industries Sdn Bhd* [1991] 2 CLJ 1574; [1991] 3 CLJ (Rep) 383 stated that if the respondent can prove that it is an honest concurrent use, then it has a good defence to passing-off action.

[133] In this present case the plaintiff's use of the mark "DeGem" for jewelleries began in 2001 and is still continuing. From the invoices exhibited by the defendants there is no evidence that the word "De Gem" was used for their jewelleris pre 2005/2006. In fact it was only after 2005/2006 that the defendants' invoice showed for the first time "De Gem".

[134] In my view, in the light of the evidence presented by the plaintiff a period of eight years can be regarded as sufficient to constitute honest use since the sale of the plaintiff's jewelleries bearing for the mark "De Gem" is extensive enough.

Damage

[135] I now turn to consider the third element in the tort of passing off. Authorities have shown that the plaintiffs in a passing off action, the plaintiffs does not have to prove that he has actually suffered damage by way of loss of business or in any other way. A probability is enough, so long as the damage is to him in his trade or business. In other words, it is damage to his goodwill in respect of that trade or business (see *HP Bulmer Ltd & Showerings Ltd v. J Bollinger SA & Champagne Lanson Pere et Fils* [1976] RPC 79 at p. 95 (CA) cited with approval in *The Scotch Whisky Association v. Ewein Winery (M) Sdn Bhd* [1994] 3 CLJ 509; [1999] 6 MLJ 280 at p. 302).

[136] In *Seet Chuan Seng v. Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 3 CLJ 7, Gunn Chit Tuan CJ (Malaya) (as he then was) held, *inter alia*, that in an action for passing off, where the goods in question are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiffs' goodwill through loss of sales and loss of exclusive use of his name (see also *Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors* [2004] 3 CLJ 815).

[137] As such it is not necessary to establish actual damage. The courts will in cases such as this present case readily infer the likelihood of damage.

A **Nationwide Or Geographically Limited Jurisdiction**

[138] In this regard all the advertisements and promotional activities of the defendants appear local and confined to Johor. Only one advertisement dated 14 July 1993 (at pp. 5208 to 5209
B bundle B16) is produced where the defendants advertised nationwide prior to 2007. It is negligible and can hardly amount to extensive use nationwide.

[139] There is no evidence before this court that any customers of the defendants were from beyond Johor.
C

[140] Hence, it is clear from the above that prior to 2007, the defendants were a small local business whose activities were confined to Johor Baru or if at all Johor. As such I am of the view that any goodwill they may possess is likewise confined to
D Johor Bahru or if at all Johor.

[141] None of the witnesses from the public or even the trade had heard of the defendants.

E **[142]** By reason of the fact that the DeGem Corporate Name, DeGem Trade Name and DeGem Trade Mark is distinctive of the 1st plaintiff, clearly the use of De GEM by the defendants beyond the State of Johor amounts to a misrepresentation to the trade and public that they are associated with the 1st plaintiff.

F **[143]** Further, in my view, the use by the defendants of the name "De Gem" outside Johor in connection with their business would be likely to substantially injure the plaintiffs' goodwill.

[144] Thus, applying the law to the facts and circumstances of
G this present case, in my view the defendant is restrained from using name and work identical or confusingly similar to DeGem including DE GEM/ De GEM outside Johor.

[145] In the case of *A Levey v. Henderson – Kenton (Holdings) Limited & Another* [1974] RPC 617, the court granted an
H injunction to restrain the defendant from expanding into Newcastle as they had not established any goodwill there whilst the plaintiff had.

I

[146] The facts here are of course a little different in that the 1st plaintiff has acquired goodwill nationwide whilst the defendants goodwill if any is clearly only within Johor Bahru or if at all the State of Johor. Thus the 1st plaintiff seeks an injunction restraining the defendants from expanding beyond the State of Johor is allowed.

Passing Off – "Diamond & Platinum"

[147] The defendants also contend that the words "Diamond & Platinum" are descriptive.

[148] Whilst each word separately is descriptive, the plaintiff contended that in combination they are distinctive to the 2nd plaintiff and have acquired a secondary meaning by reason of the following:

(a) The 2nd plaintiff has used the combination extensively since 1999 as evidence has shown;

(b) There is no evidence of any other party using the same combination in Malaysia (save for the 4th defendant). The combination is clearly not common in this country;

[149] By reason of the evidence of extensive use, sales and promotions, the Diamond & Platinum Corporate Name, the Diamond & Platinum Trade Name are clearly distinctive of the 2nd Plaintiff. The Diamond & Platinum Corporate Name, the Diamond & Platinum Trade Name and the Diamond & Platinum Trade Mark denote to the trade and public in Malaysia the outlets and products of the 2nd plaintiff and the 2nd plaintiff is the proprietor of the same and entitled to use the same.

[150] Thus, I agree with the plaintiff's submission that "Diamond & Platinum" have acquired a secondary meaning by reason of the following:

(i) The 2nd plaintiff has used the combination extensively since 1999 as evidence above has shown;

(ii) There is no evidence of any other party using the same combination in Malaysia (save for the 4th defendant). The combination is clearly not common in this country;

(iii) The Diamond & Platinum Corporate Name, the Diamond & Platinum Trade Name and the Diamond & Platinum Trade Mark have acquired a secondary meaning and denote to the trade and public in Malaysia the outlets and products of the 2nd plaintiff. (See: *Yomeishu Seizo Co Ltd v. Sinma Medical Products (M) Sdn Bhd* [1996] 2 BLJ 142; [1996] 2 MLJ 334 at p. 359; *De Cordova and Others v. Vick Chemical Co* [1951] RPC 103);

(iv) The 2nd plaintiff has registered the same. Whilst what is registered is the Logo, it comprises the words "Diamond & Platinum" and all that is disclaimed is the use of the words separately. The registrar did not impose a disclaimer as regards the combination of the two words; and

(v) The disclaimer states "Registration of this Trade Mark shall give no exclusive right to the exclusive use of the words "Diamond" and "Platinum" separately. As such it confers the exclusive right to use it in combination.

[151] Hence, the use of "Diamond & Platinum" as part of the corporate name of the 4th defendant is clearly a misrepresentation to the trade and public that the 4th defendant and/or all the defendants (being associated companies), its retail outlets and products are that of the 2nd plaintiff's or associated with the 2nd plaintiff. It must be emphasised here that the 2nd plaintiff who uses "Diamond & Platinum" is a subsidiary of the 1st plaintiff who uses DeGem, and by using both, the 4th defendant clearly intends to reinforce the misrepresentation that it is connected to the plaintiffs.

[152] From the evidence it is clear that the 4th defendant knew about the 2nd plaintiff and yet adopted the name. Not just that, they then opened their outlet opposite the 2nd defendant's. The explanation that "Diamond & Platinum" was chosen because it is descriptive is unacceptable given that DW3 admitted that the main product is not diamonds and platinum. DW3 also admitted that he did not know of any other company using "Diamond & Platinum" except the 2nd plaintiff.

[153] In this regard, it is pertinent to note that in their evidence-in-chief, DW2 and DW3 in describing the products sold at the 4th defendant's outlet did not mention "platinum".

[154] It is clear that the choice of name was adopted with the intention to cause a misrepresentation. (See *Harrod's Limited v. R Harrod Limited* [1924] RPC 74)

Damage

[155] The plaintiff submitted that by reason of the defendants' misrepresentation the plaintiff have or are likely to suffer damage.

[156] In relation to this issue, based on the evidence of PW2 which remained unchallenged, the conclusion that can be drawn is that the plaintiffs will suffer damage.

[157] PW2's evidence in this regard is set out below:

> Due to the association of the Defendants with the Plaintiffs, and by reason of the fact that the Defendants and the 2nd Plaintiff are direct competitors, the 2nd Plaintiff has or is likely to lose sales. This is particularly so as the Defendants and the 2nd Plaintiff deal with similar jewellery and are priced in a similar price bracket i.e the mid range price bracket for jewellery.
>
> In the event that the Defendants' outlets and products do not adhere to the same quality, service and standards which the 2nd Plaintiff's outlets and products do, there will be damage to the 2nd Plaintiff's goodwill and reputation which the 2nd Plaintiff has built since 1999.
>
> Further the perceived value of the Defendants' "brand" is not of the same standard and position. In the event they are associated or confused with the 2nd Plaintiff, this will also impact and devalue the perception of the 2nd Plaintiff's brand in the market. This is even more so as the Defendants also use the name "De GEM" which within our group is the high end brand which is the more luxurious.

The Defendants' Counterclaim

[158] The 1st and 2nd defendants' counterclaim against the 1st plaintiff for passing off in respect of their use of "DeGem" and the two Chinese characters (whether written traditionally or in simplified characters) which translate to "Li" and "Jing" respectively in Mandarin.

[159] I find that the 1st and 2nd defendants have failed to establish goodwill on a nationwide basis and have further failed to establish that DE GEM/DeGEM/ De Gem is distinctive of them nationwide.

[160] From the evidence mentioned earlier, the 1st and 2nd defendants' use is confined to Johor Bahru or, if at all, the State of Johor:

(a) The businesses are situated in JB;

(b) The advertisements and promotional activities pre 2007 are all confined to the State of Johor save for one advertisement dated in 1993 which was published in a nationwide newspaper. That alone is insufficient;

(c) The advertisement after 2007 were after the 1st plaintiff had acquired nationwide goodwill and in any event are small in number as can be seen from the list at paragraph (a) on p. 15 of the Amended Defence and Counterclaim (p. 183 of the bundle of pleadings). This clearly does not amount to extensive use of the name and mark nationwide.

(d) The 1st and 2nd defendants have not adduced any evidence of customers beyond Johor and have no adduced any evidence to establish that their website was operational prior to 2009.

(e) Witnesses from the trade all testified that they had not heard of the 1st and 2nd defendants.

[161] The 1st plaintiff on the other hand has used the DeGem Corporate Name since 1997 and the DeGem Trade Name and DeGem Trade Mark since 2003 honestly and extensively such that it has acquired nationwide goodwill as identified by the the DeGem Corporate Name, DeGem Trade Name and DeGem Trade Mark. The evidence in this regard has been dealt with above. Witnesses from the trade and public confirmed that DeGem was distinctive of the 1st plaintiff.

[162] Given the above, the use by the 1st plaintiff of the DeGem Corporate Name, DeGem Trade Name and DeGem Trade Mark cannot and does not amount to a misrepresentation that the 1st plaintiff is associated with the 1st and 2nd defendants.

[163] The use of the DeGem Corporate Name, DeGem Trade Name and DeGem Trade Mark indicates the 1st plaintiff.

[164] In fact, I accept the plaintiff's submission that it is the defendants by reason of their fraudulent acts in 2005/2006 onwards who are riding on the 1st plaintiff's goodwill.

[165] As regards the Chinese characters, the 1st plaintiff does not use the same. "DeGem" is always used in English even in Chinese newspapers. This can be seen at p. 223 bundle B1. Even though a Chinese daily, the name "DeGem" appears in English. The congratulatory messages at pp. 235 to 245 bundle B1 and 5152, 5153 B16 and the articles at pp. 5142 to 5151 bundle B16 are by the third parties and not the 1st plaintiff. The characters used were clearly used as they are the most common and natural way to translate "DeGem".

[166] In any event besides the few congratulatory message and articles in 2001, there is no other evidence of use of the two Chinese characters by the 1st plaintiff. If the 1st plaintiff intended to use the same to misrepresent, clearly this would have continued.

[167] The 1st plaintiff, a public listed company with multimillion dollar business has acquired extensive goodwill and any association with the 1st plaintiff can only benefit the 1st and 2nd defendants, not cause damage.

[168] By reason of the above, the 1st and 2nd defendants cannot succeed in a cause of action in passing off against the 1st plaintiff.

Estoppel/Laches/Acquiescence

[169] Learned counsel for the defendants contended that the 1st plaintiff was aware of the defendants in 2001 or 2002 but stood by and allowed the defendants to build their goodwill and only commenced this action in 2009. As such, learned counsel for the defendants contended that the plaintiff is now estopped from bringing this action.

[170] From the evidence, the 1st plaintiff was only aware of the defendant's outlet in Johor Bahru only in 2002 or 2003. However, in my view, that fact is irrelevant as the 1st plaintiff's cause of action relates to the advertisements which commenced in 2005/2006. Hence, there is no merit in the defendants' contention on this point.

A

Conclusion

[171] The plaintiffs have established on the balance of probabilities that the defendants have committed the tort of passing-off. Therefore, I allow the plaintiffs' claim and I further order costs against the defendants.

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[172] Lastly, I would like to record my indebtedness to counsel on both sides for having presented some illuminating arguments.

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